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A BRIEF HISTORY OF THE RECIPROCITY POLICY

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Chester A. Arthur, twenty-first President of the United States, was the author of what is known as the Reciprocity Policy for promoting the export trade of the United States. A reciprocity treaty with Canada, however, was negotiated by William L. Marcy and Lord Elgin in 1854 and continued in force from March 16, 1855, until March 16, 1865, but it was unsatisfactory to both countries, because it did not go far enough. It provided for a free interchange between the two countries of natural products from the farm, the sea, the forest, the orchard, and the mine, but included no manufactured merchandise, which was not produced to any extent in Canada and was still heavily taxed. It did not admit Canadian vessels to the American coasting trade, and for various similar reasons it was also unpopular in the United States. Therefore, when the ten years of its natural existence drew to an end, notice of its termination was given by the United States government.

Periodical efforts have since been made on both sides of the St. Lawrence to secure reciprocal trade agreements and conventions which would have been of the greatest advantage to both countries have been negotiated from time to time. Their ratification by the United States Senate has been defeated through the efforts of the fishermen of Massachusetts, the farmers of northern New York and New England, the lumbermen of Michigan, Minnesota and the Puget Sound States, and other interests on this side of the border which object to Canadian competition.

The Liberal party in Canada has always advocated commercial union with the United States, and Sir Wilfred Laurier, the present Prime Minister, has been an apostle of "commercial annexation." President McKinley, Secretary Blaine, Senator Hoar and other able, far-sighted statesmen have advocated a similar policy, but the petty producers of hay, butter, eggs and potatoes have been more influential than the great manufacturing interests, which might have found a large and profitable market in Canada if our Congress had been wise enough to offer free admission or reduced rates of duty

to the limited agricultural products of the Dominion. The fishermen of Gloucester have been able to shape the commercial policy of the United States against the efforts of our merchants and manufacturing industries. The sawmill owners of Michigan and Wisconsin have been willing to admit Canadian logs free of duty, but have insisted upon a prohibitive tariff against Canadian lumber. The selfishness of a few farmers, fishermen and sawmill owners whose combined interests are insignificant, has prevented the manufacturers of the United States from enjoying a monopoly they might easily have obtained among Canadian consumers.

The first active endeavor to extend the export trade of the United States in the Latin-American republics and colonies by means of reciprocity treaties was inaugurated by President Arthur in 1882, when General Ulysses S. Grant and William Henry Trescott, representing this government, and Matias Romero and Estanislao Canedo, representing the Republic of Mexico, negotiated a treaty under which certain merchandise from the United States was to be admitted free of duties into Mexico, and certain products of that country were to be admitted free into the United States. But the Congress of the United States failed to enact the legislation necessary to carry it into effect, and the treaty expired by limitation upon the 20th of May, 1887.

In 1884 John W. Foster, then Minister to Spain, negotiated a similar treaty with that government, acting in behalf of its American colonies, Cuba and Porto Rico. A third treaty was negotiated by Mr. Frelinghuysen, then Secretary of State, with Don Manuel J. Galvan, a plenipotentiary appointed for that purpose by the government of Santo Domingo. Both of these treaties failed to receive the sanction of the Senate of the United States.

During the same year, 1884, under the authority of Congress, President Arthur appointed a commission "to ascertain the best methods of securing more intimate international and commercial relations between the United States and the several countries of Central and South America." It was composed of George H. Sharpe, of New York; Thomas C. Reynolds, of Missouri, and Solon O. Thacher, of Kansas, with William E. Curtis as secretary. Mr. Sharpe, having resigned in March, 1885, Mr. Curtis was appointed by President Cleveland to succeed him.

This commission visited the several American republics with

instructions (1) to ascertain by inquiry the opinion of merchants actually engaged in trade concerning the most practicable means of promoting commerce with the United States; (2) to confer with the several governments as to the advisability of holding an international American conference, and ascertain their views as to what topics should be discussed at such a gathering; and (3) to initiate reciprocity treaties similar to those already arranged with Mexico and Spain, with such of the American republics as desired to enter into negotiations for that purpose.

The commission returned to Washington and made its report. With a single exception, the governments visited expressed not only a willingness, but a desire, to enter into reciprocal arrangements with the United States, and in several cases a definite understanding was reached and protocols exchanged.

The commission recommended that an international conference be held in Washington, to which all of the republics visited had consented to send delegates, and a list of topics for consideration was submitted. A bill was passed by Congress to carry out that recommendation, and on the 20th of May, 1888, became a law without the approval of the President. The conference met at Washington in October, 1889, all of the independent American nations being represented except Santo Domingo.

Among other topics announced for discussion was "Measures toward the formation of an American Customs Union, under which the trade of American nations with each other shall, so far as possible and profitable, be promoted." This was referred to a committee, which, after due consideration, reported that the systems of taxation and the condition of the public revenues of the Latin-American republics made such a customs union as had been proposed, that is, a free interchange of merchandise, impracticable; but recommended the negotiation of commercial treaties embracing mutual tariff concessions, so far as could be done without impairing the revenues necessary to sustain their several governments.

"To escape the delay and uncertainty of treaties," Mr. Blaine suggested "an amendment to the pending tariff bill authorizing the President to declare the ports of the United States free to all products of any nation of the American hemisphere upon which no export duties are imposed, whenever, and so long as, such nations shall admit to its ports free of all national, provincial (state),

municipal and other taxes, our flour, cornmeal and other breadstuffs, preserved meats, fish, vegetables, fruits, cottonseed oil, rice and other provisions, including all articles of food, lumber, furniture and other articles of wood, agricultural implements and machinery, mining and mechanical machinery, structural steel and iron, steel rails, locomotives, railways cars and supplies, street cars and refined petroleum."

When the McKinley tariff act was under consideration a draft of such an amendment was submitted to the committee on ways and means by Mr. Blaine and was rejected on the ground that it was contrary to the Republican doctrine of a protective tariff. The only man on the committee who voted in favor of it was William McKinley, the foremost apostle of protection. When the bill reached the Senate, however, in the summer of 1890, what was known as the reciprocity section was adopted, but it was the reverse of what Mr. Blaine had suggested. It proposed retaliation instead of reciprocity. It imposed new and heavy duties upon tea, coffee, sugar, molasses and hides, but authorized the President to remove or reduce them, provided the nations from which such articles are imported, reduced or removed their duties upon the products of the United States. Under this authority amiable and valuable arrangements were made with nearly all of the republics of Central and South America and the Spanish and British colonies in the West Indies. Similar arrangements were made with France and Germany, and negotiations with Mexico were revived. Under them the exports of the United States to the Latin-American countries immediately increased from \$63,000,000 to \$103,000,000, and would have advanced still farther had not the Democratic administration, elected in 1893, revoked entirely the commercial policy of its predecessor, and repealed all of the reciprocity arrangements without even observing the ordinary courtesies of diplomatic intercourse.

The result was perfectly natural. Our commerce with the other American republics and the West India colonies was thrown into confusion and our exports dropped to \$88,000,000 the following year.

The popularity of reciprocity was proclaimed at political conventions and demonstrated at the polls. It became one of the chief features of the program of the Republican party. Eloquent phrases were framed for its platforms, and its "spellbinders" excited the

enthusiasm of their audiences by their references to the treaties negotiated by Mr. Blaine. There is not the slightest doubt that the hope and expectation of a renewal of these arrangements, endorsed with cordial confidence by Mr. McKinley, contributed very largely towards his election, and there is not the slightest question of his sincerity. But the Republican leaders in Congress refused to fulfil the pledges of their party to the people. Through the influence of Speaker Reed and Mr. Dingley, chairman of the committee on ways and means, all practical propositions were rejected, and when the Dingley tariff act was published it was found to contain a few lines authorizing the President of the United States to do what was impossible. He was permitted to offer foreign nations concessions that were worthless, provided they would give us concessions that were valuable. He was authorized to admit champagne, the "lees of wine" and one or two other articles into the United States at reduced rates of duty, provided the nations from which they came would admit our flour, beef, pork, lard, provisions, fruit, agricultural machinery free or at reduced rates of duty. It was an absurd and preposterous proposition, and was merely intended to humbug the people who had supported the Republican ticket in the confidence that its candidates, if elected, would give them a broad, wise, generous commercial policy.

President McKinley, however, did the best he could with the limited authority allowed him and immediately designated John A. Kasson as a special commissioner to enter into negotiations. Mr. Kasson came very near performing a miracle. He succeeded in concluding several reciprocal arrangements of considerable importance. They were much more valuable than anyone expected him to obtain. But the high tariff advocates, the champions of a "home market," in the Senate, under the leadership of Mr. Aldrich, refused to ratify anything that affected existing tariff schedules, and Mr. Kasson's work went for nothing. Senators and Representatives who had made the most urgent appeals to the voters of the country to stand by "McKinley and Reciprocity" voted against or pigeon-holed every measure that was intended to carry their promises into effect. A majority of the Republicans, both in the Senate and House of Representatives, have since resisted every effort that has been made to include reciprocity in the commercial policy of our government. Such Republicans as Mr. Dalzell denounce it as ridiculous,

and declare their intention to prevent its adoption. Like the statesman in the Iowa Legislature who was in favor of a prohibition law, but opposed to its enforcement, a majority of the Senate committee on finance and the House committee on ways and means are in favor of reciprocity as a vote-getter, but are opposed to its application to our tariff system.

Unfortunately, under the rules of the Senate, Mr. Aldrich can prevent the ratification of all reciprocity treaties that may be negotiated, and his disposition is uncompromising. The President, the Secretary of State and the other members of the Cabinet, are strongly in favor of broad, generous commercial treaties, but it is worse than useless for Mr. Root to attempt negotiations, because he realizes that Senator Aldrich and his sympathizers will prevent ratification. The critical situation of our trade with Germany does not appeal to them at all. They coolly declare that Germany must buy our raw cotton and our food products, because she cannot get along without them, and that she dare not provoke a tariff war. Furthermore, if she does, we will have every advantage. They assume the same hostile attitude toward every other nation and point to the enormous growth of our export trade as convincing evidence that we need no commercial treaties.

Such is the situation, and it will remain unchanged as long as the present influences control the action of our Congress.